



Proficient Group

BUDGET 2018

(Transcript & Finance Bill Features)

February 01, 2018



Transcript

- Mobile phones set to become costlier - custom duty on them has been increased to **20%**
 - Health and education cess has been increased to **4%**
 - For senior citizens, exemption of interest income on bank deposits raised to **Rs 50,000**
 - Introduction of tax on distributed income by equity oriented mutual funds at **10%**
 - Standard deduction of **Rs 40,000** for salaried employees in lieu of transport and medical expenses
 - Companies with turnover of up to **Rs 250 crore to be taxed at 25%**
 - Arun Jaitley says that the government does not propose any changes in tax slabs for the salaried class this year.
 - FM proposes a fiscal deficit of **3.3% of GDP for 2018-19**.
 - Finance Minister Arun Jaitley proposes revising emoluments as per the following structure:
 - **Rs 5 lakh** for the President of India
 - **Rs 4 lakh** for the Vice President
 - **Rs 3.5 lakh** for the Governors
 - Jaitley also proposes automatic revision of emoluments of Parliamentarians every **five years**, indexed to inflation.
 - We have already exceeded our disinvestment target, announces Arun Jaitley.
 - Disinvestment target for 2017-18 has been exceeded and will reach **Rs 1 lakh crore**. **Target for 2018-19 is Rs 80,000 crore**.
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- **5 lakh WiFi hotspots** will be set up in rural areas to provide easy internet access.
 - Government will take steps to regulate the use of cryptocurrencies which are funding **illegitimate** transactions and Proactive steps to **develop Blockchain Technology**.
 - Govt announces Amrut program to focus on water supply to all households in 500 cities. Water supply contracts for 494 projects worth Rs 19,428 crore will be awarded
 - NITI Aayog will establish a national programme to direct our efforts in the area of Artificial Intelligence towards national development: FM
 - Airport capacity to be hiked to handle 1 billion trips every year.
 - Arun Jaitley says that **4,000 km of new railway track** will be laid down by 2019.
 - All railways stations with footfall more than **25,000 to have escalators**, says the Finance Minister.
 - The government will undertake **redevelopment of 600 major railway stations** across the country.
 - Arun Jaitley announces capital expenditure of **Rs 1,48,528 crore for Indian Railways in 2018-19**.
 - National Heritage City Development Augmentation Scheme has been undertaken to preserve and protect heritage cities in the country, announces the Finance Minister.
 - Government to contribute **12 % of EPF contribution for new employees** in all sectors: FM
 - Infrastructure is the growth driver of economy: Jaitley
 - Target of **3 lakh crore** for lending under PM Mudra Yojana: FM
 - MSME enterprises are a major element for growth, says Jaitley. He also added that mass formalisation of MSME sector is happening after demonetisation and GST.
 - Govt will launch health scheme to cover 10 crore poor families, Arun Jaitley says.
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- The Government is slowly but steadily progressing towards universal health coverage: FM
 - Government aims to bring 60 crore bank accounts under the Jan Dhan Yojana.
 - Eklavya schools to be started for Scheduled Tribe populations: Finance Minister
 - Rs 600 crore allocated to Tuberculosis patients undergoing treatment.
 - Govt will set up two new Schools of Planning and Architecture, says Finance Minister Jaitley.
 - To tackle brain drain, Jaitley announces scheme to identify bright students pursuing B Tech in premiere engineering institutes, and providing them higher-education opportunities in the IITs and IISc.
 - Specialised railway university to be set up at Vadodara.
 - Jaitley proposed integrated BEd programme for teachers: "training of teachers during service is essential." Technology will be the biggest driver in improving the quality of education.
 - Budget allocates money for social security and protection programme for all widow and orphaned children.
 - We have a target to provide all Indians with their own homes by 2022, says Jaitley.
 - Ujjwala scheme to amplify targets, will now provide 8 crore rural women free LPG connections.
 - Air pollution in Delhi-NCR has been a cause of concern, govt has proposed subsidised machinery for in-situ management of crop residue in Punjab, Haryana, Uttar Pradesh and NCT Delhi.
 - Govt of India will take necessary measures for the state government to purchase surplus solar power produced by local farmers at suitable prices.
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- Arun Jaitley proposes a sum of **Rs 500 crore for 'Operation Green'** on the lines of 'Operation Flood'.
 - Food processing sector is going at an average of **8% per annum**.
 - We have been saying it for years that India is primarily an agricultural country: Jaitley
 - Arun Jaitley on Minimum Support Price of agricultural products: Only increasing the MSP is not enough, the government will fix the MSP of agricultural products at 1.5 times the market rate.
 - Our emphasis is on generating higher benefits and productive employment for the farmers: Jaitley while addressing the agricultural sector in his Budget speech 2018.
 - Our government has worked sincerely, and without weighing the political costs, hoping that benefits are delivered to people at their doorsteps. The Direct Benefit Transfer system of India is a success story that is reiterated across the world: Jaitley.
 - This year's Budget will particularly focus on agriculture, says Jaitley.
 - The finance minister also pointed out that India is one of the fastest-growing economies in the world.
 - Indian economy has performed very well since our government took over in May 2014, says Arun Jaitley.
 - Arun Jaitey recalls the measures -- like GST, FDI, demonetisation, etc. -- taken by the NDA government in the past four years that have impacted the economy of the country.
 - Finance Minister Arun Jaitley presents Union Budget 2018-19 in Parliament.
 - The cabinet, in a meeting, approved the Budget.
 - Union Finance Minister Arun Jaitley has arrived in the Parliament to present his Budget for the year 2018-19.
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Salient Features of Finance Bill

1. No change in Tax Rate. All persons including individuals, HUF, Firms and Companies to pay same tax . However Education cess is being increased from **3 to 4 %** to be known as Education and Health cess.
 2. However for Domestic Companies having total turnover or gross receipts not exceeding **Rs 250 crores in Financial year 2016-17 shall be liable to pay tax at 25%** as against present ceiling of Rs 50 crore in Financial year 2015-16.
 3. Long term Capital gain exemption under section 10(38) in respect of listed STT paid shares being withdrawn.
 4. However capital gain up to 31.1.2018 shall not be taxed as cost of acquisition will be taken as Fair Market Value as on 31.1.2018.
 5. Tax on STT paid long term capital Gain will be **10% under Section 112A**. Further such tax will be liable for TDS.
 6. Standard Deduction of Rs 40,000 for salaried employees. However benefit of transport allowance of Rs 19,200 and Medical Reimbursement of Rs 15,000 under Section 17(2) are being withdrawn. **Thus net benefit to salaries class only Rs 5,800**
 7. Provision of Section 43CA, 50C and 56(2)(x) being amended to allow 5% of sale consideration in variation vis a vis stamp duty value. On account of location, disadvantage etc.
 8. Provision of section 40(ia) and 40A(3) and 40A(3A) are being made applicable to Charitable Trust. Hence expenditure incurred without deduction of tax and in cash will not be eligible as application of income under section 10(23C) and section 11(1)(a).
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- 9.** Agriculture Commodity Derivatives income /loss also not to be considered as speculative under section 43(5).
 - 10.** Income Computation and Disclosure Standards(ICDS) being given statutory backing in view of decision of Delhi High Court decision.
 - 11.** Marked to market loss computed as per ICDS to be allowed under section 36.
 - 12.** Gain or loss in Foreign Exchange as per ICDS to be allowed under new section 43AA.
 - 13.** Construction Contract income to be computed on percentage completion method as per ICDS.
 - 14.** Valuation of Inventory including Securities to be as per ICDS.
 - 15.** Interest on compensation, enhanced compensation. Claim or enhancement claim and subsidy, incentives to be taxed in the year of receipt only as per new Section 145B.
 - 16.** Conversion of stock in trade to capital asset to be charged as business income in the year of conversion on Fair Market value on the date of conversion.
 - 17.** 54EC benefit of investment in Bonds to be restricted to Capital gain on land and building only. Further period of holding being increased from 3 years to 5 years.
 - 18.** PAN to be obtained by all entities including HUF other than individuals in case aggregate of financial transaction in a year is Rs 2,50,000 or more. All directors, partners, members of such entities also to obtain PAN.
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19. All companies irrespective of income to file return and in case it is not filed, such companies will be liable for prosecution irrespective of the fact whether it has tax liability of Rs 3,000 or not.
 20. Assessments to be E assessment under new section 143(3A)
 21. No adjustment under section 143(1) while processing on account of mismatch with 26AS and 16A.
 22. Deemed dividend to be taxed in the hands of the company itself as **Dividend Distribution of tax @ 30%**.
 23. Penalty for non filing financial return as required under section 285BA being increased to Rs 500 per day.

[Watch Complete Video of the Union Budget here](#)

*** The Budget of 2018 is India's first after the implementation of the Goods and Services tax (GST) in June last year.**

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